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- (2) On 14 barges via Danube to Pressburg, through Czechoslovakia and Schandau, 500 tons of grain each

7,000 tonsTotal 13,000 tons

- c. Total deliveries from Bulgaria prior to 10 May 1954 20,000 tons

NOTE: The Bulgarian government has ordered its Ministry of Commerce and Foreign Trade to make certain that the entire consignment has left the country by 31 May 1954.

3. Barter Deals Proposed by Hungary

- a. Hungary proposed the following barter deal to East Germany:

- (1) East Germany to ship to Hungary, out of the above-mentioned Bulgarian supplies, 8,600 tons of "feed barley".
- (2) Hungary to release to East Germany [redacted] barley held in Hamburg, 8,600 tons of "feed barley".
- (3) East Germany accepted this arrangement, but later cancelled it when the first deliveries showed that the feed was of very low quality and was full of corn beetles (Kornkafer).

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- b. Hungary then offered 8,600 tons of barley [redacted] East Germany rejected this second offer when it learned that the [redacted] grain was qualitatively poor and mixed with stones.

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- c. Hungary's requirements for 10,000 tons of wheat are so pressing that the government is willing to purchase this amount for cash. East Germany is ready to sell this quantity.

4. The Feed-grain Situation in East Germany (May 1954)

The above deliveries of 150,000 tons of Russian rye and 75,000 tons of Bulgarian feed barley could alleviate the shortage in the second quarter of 1954 only if they arrived promptly. To date, however, not one kilogram of Russian rye has reached East Germany. The shortage has become a critical one and will be of long duration. With some difficulty, the scarcity is being adjusted on paper, but the imports arrive at the very end of each quarter, and the farmers are thereby deprived of the needed fodder during the quarter.

5. Hog-fattening Agreements

- a. Planned number of individual agreements with farmers, 1,000,000 agreements

NOTE: To date, there appears to be no possibility whatever of consummating even part of this total, even tardily.

- b. Agreements made with LPGs in second quarter 1954 20,000 agreements

NOTE: The fodder necessary to meet these agreements exists only on paper.

- c. Total number of agreements with LPGs planned for 1954 200,000 agreements

- d. Number of agreements which can be actually realized before 30 June 1954, only 50,000 agreements

NOTE: The hog-fattening enterprises, both in the VEGs and those on an industrial basis, can provide only enough fodder to keep the animals from dying. Fattening is impossible under these conditions.

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THE POTATO SITUATION

6. Seed Potatoes

Present quantity of seed potatoes in government stocks 500,000 tons

NOTE: The actual quantity is 560,000 tons, available in the seed reserve (Saatgutfond).

a. Super-Elite potatoes given to farmers without return obligations 50,000 tons

b. Seed potatoes for which a return payment of food potatoes is required from the farmers 450,000 tons

Total 500,000 tons

(1) Return payment of food potatoes needed 225,000 tons

(2) Return payment of food potatoes planned 45,000 tons

(3) Return payment of food potatoes actually delivered, to date 38,000 tons

c. 2.5 tons of potatoes are required to plant one hectare. The differential between the total requirements and the quantity of seed potatoes on hand is now covered approximately. The surplus of about 60,000 tons is only to a small extent genuine seed reserve; it is largely made up of small quantities of potatoes discovered in farmers' holdings or collected in the households (in den Haushalten eingesammelt). The increase foreseen in the plan cannot be attained, and production is bound to drop from year to year owing to the non-use of seed-reserve (Saatgut).

d. In practice, numerous Kreis-administrations have gone ahead on their own volition and have simply struck out planned potato acreage, in view of the lack of seed, and have freed the acreage for other crops. Since the collection plan has not been changed as to peak quantity, potato collection is bound to break down anew in the autumn.

7. Food Potatoes

a. Quantity bought up (Aufkauf) in return for delivery of 100,000 tons of briquettes 50,000 tons

b. Quantity to be acquired by exchange for seed potatoes (see Para. 6, section b. (2) above) 45,000 tons

c. Quantity which will probably be delivered, from the 500,000 tons still owed from the last harvest 20,000 tons

NOTE: Only 17,000 tons have been delivered to date.

d. Quantity to be imported guaranteed 20,000 tons

e. Total quantity available to tide over until 1954 harvest 135,000 tons

NOTE: 15,000 tons of potatoes are being held in storage in Berlin; no more will be accepted for the present by the Berlin trade organizations.

f. In judging the quantity of potatoes available for food purposes between the present date and the harvest time, the fact must be taken into consideration that, by the reduction of the potato quota for factory kitchens (Werkkuechen), the total consumption of potatoes has been lowered to a marked extent.

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OIL-YIELDING CROPS

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8. Rape-seed

- a. Rape crops during the winter on 110,000 hectares
- b. Rape crops during the summer on 54,000 hectares

NOTE: For these crops the farmers must compensate with summer rape. This average was calculated to produce 52,000 tons of seed. For 66 kilo-grams of summer rape seed, each farmer receives plan-credit for 100 kilo-grams. (For poppy-seed the ratio is 50 to 100).

- c. From the 54,000 hectares in line b. a shortage below planned quantity will amount to 20,000 tons
- d. From the remainder of the acreage, the State Secretariat expects the production of only 20,000 tons, which represents a 50 percent shortage on plan, 20,000 tons
- NOTE: This reduction was due to cold weather.
- e. Winter rape will also show a shortage below plan of 10,000 tons
- f. Total shortage of oil-seed crops below collection plan 50,000 tons
- g. Total planned collections of oil-bearing seeds (winter and summer) for 1954 160,000 tons
- h. Deduct shortage of winter crops in line f. above 50,000 tons
- i. At best, collections for 1954 can amount only to 110,000 tons

NOTE: A shortage of 50,000 tons of oil-seeds is equivalent to a shortage of 18,000 tons of oil for the margarine industry.

THE LIVESTOCK SITUATION

9. Meat Shortage in the NO Stores

- a. The causes of the meat shortage are to be found in the fact that the farmers, in the first quarter, disposed of as much livestock as possible, owing to the shortage of feed grain. At the beginning of the green-fodder period, the farmers are inclined to maintain their livestock (hence the present lack of fresh meat). This shortage will become more acute until September unless it is relieved with imports.

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| b. Meat imports planned | 60,000 tons |
| c. Meat imports contracted for, to be delivered in the third and fourth quarters, 1954 | <u>30,000 tons</u> |
| d. Collection and purchase of livestock, planned for the second quarter, 1954 | 210,000 tons |
| e. Livestock actually considered available by the State Secretariat, for the second quarter, 1954 | <u>170,000 tons</u> |
| f. Minimum deficit of livestock anticipated | 40,000 tons |

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